

STATE OF CALIFORNIA  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF ADMINISTRATION  
INVESTMENT COMMITTEE  
DELEGATION RESOLUTION

Subject: Professional Staff  
Real Estate

Delegation No: 07-01-INV

WHEREAS,

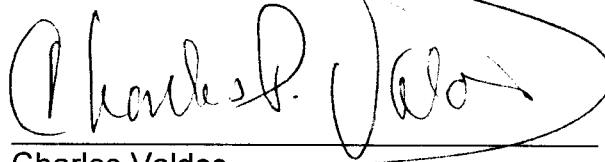
1. In accordance with Government Code section 20120, the Board of Administration of the California Public Employees' Retirement System (the Board) is charged with the administration and management of the California Public Employees' Retirement System (CalPERS), and
2. In accordance with Government Code section 20171, the Board is also charged with the exclusive control of the administration and investment of the Public Employees' Retirement Fund (the Fund), and
3. In accordance with Article XVI, section 17 of the California Constitution, the Board has plenary authority and fiduciary responsibility for the investment of CalPERS assets, and
4. In accordance with Government Code section 20099, the Board is authorized to appoint a committee of one or more of its members to perform any act within the power of the Board itself to perform, and may through express delegation authorize any such committee to act finally, and
5. In accordance with Government Code section 20099, the Board may authorize its Chief Executive Officer (CEO) to perform any act within the power of the Board itself to perform, and may through express delegation authorize the CEO to act finally, and
6. The Board has adopted a Statement of Governance Principles relevant to the granting of delegations, and
7. Through Board Delegation Resolution No. 89-01 and pursuant to Government Code section 20191, the Board delegated to its Investment Committee the authority to make, through final action and by the affirmative vote of at least seven members, any investment authorized by law, and to re-delegate its authority to others, and

8. Through Board Delegation Resolution No. 04-05-BD and pursuant to Government Code section 20099, the Investment Committee re-delegated to its Policy Subcommittee the authority to draft new policies and recommend modifications to existing policies to the Investment Committee, provide periodic reports to the Investment Committee, and make other necessary or appropriate recommendations to the Investment Committee, and
9. Through Board Delegation No. 95-101, the Board has delegated to the CEO principal authority and responsibility to direct and manage staff activities, subject to Board policies and strategic direction, and to re-delegate to others, and
10. The Board and its committees retain the implied authority, pursuant to Government Code section 20099, to re-delegate their authority directly to the Chief Investment Officer (CIO) and Senior Investment Officers and such re-delegations are deemed to have been made through the CEO and the CIO.

RESOLVED,

- (A) Recognizing the respective roles of the CEO as the internal leader of the organization and the CIO as the principal investment expert, and yet also wishing to gain the full benefit of the unique Real Estate expertise of the Senior Investment Officer (SIO) - Real Estate, the Investment Committee hereby delegates to the SIO - Real Estate, the authority described in the attached Real Estates Delegations (the "Delegations").
- (B) Where such Delegations do not prohibit sub delegation, the SIO – Real Estate is authorized to re-delegate to his or her responsible subordinates any portion or all of the responsibility delegated to the SIO-Real Estate.
- (C) Where such Delegations do not specifically require the Investment Committee's review or ratification prior to action, the SIO-Real Estate has the authority to act finally, and to re-delegate, and will be responsible and accountable for his or her actions.
- (D) The exercise of authority under the Delegations shall be reported to the Investment Committee in sufficient detail to keep the Investment Committee appropriately informed and in order for the Investment Committee to monitor the performance of the SIO-Real Estate.

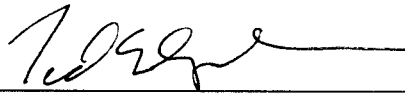
- (E) Upon adoption by the Investment Committee all Delegations will expressly supercede all prior delegations to the SIO-Real Estate.



Charles Valdes  
Chair, Investment Committee  
Board of Administration  
California Public Employees' Retirement System

I accept this delegation.

Dated: 2/23/07



Theodore H. Eliopoulos  
Senior Investment Officer – Real Estate  
Investment Office  
California Public Employees' Retirement System

**Attachment A**

**Real Estate Delegations**

Within each of the following subject areas (as shown in italics), the Investment Committee delegates (as shown in bold) the following authority to the SIO-Real Estate:

*I. Authority to Allocate Assets*

- A. Authority to Establish Asset Classes and Asset Allocation (Targets and Ranges) for the Total Fund (No Delegation)*
- B. Authority to Establish Programs/Sectors Within an Existing Asset Class (No Delegation)*
- C. Authority to Make Allocation Decisions Within the Asset Class and Among Programs/Sectors*

- 1. **To manage program/sector allocations within approved ranges as set forth in policy approved by the Investment Committee.**  
Equity Real Estate Policy, Section 13, B .6

- 2. **To manage diversification in the Real Estate Portfolio as set forth in policy approved by the Investment Committee.**  
Equity Real Estate Policy, Section II, VI, V, X, XIII

- 3. **To borrow, manage, retire and dispose of Debt Financing Amounts and manage leverage in the Real Estate Portfolio as set forth in policy approved by the Investment Committee.**  
Equity Real Estate Policy, Section VI, XIII  
Real Estate Leverage Policy, Section III

- a. **To commit to a Debt Financing Amount within the Core Portfolio as follows:**

**For a New Relationship, the SIO-RE may commit to a Debt Financing Amount up to 5% of the Real Estate Policy Target Amount.**

**For an Existing Relationship, the SIO-RE may commit to a Debt Financing Amount up to 10% of the Real Estate Policy Target Amount and the CIO may commit to a Debt Financing Amount up to 15% of the Real Estate Policy Target Amount.**

- b. To commit to a Debt Financing Amount within the Non-Core Portfolio, excluding the Opportunistic and International Portfolios, as follows:**

**For a New Relationship, the SIO-RE may commit to a Debt Financing Amount up to 2.5% of the Real Estate Policy Target Amount.**

**For an Existing Relationship, the SIO-RE may commit to a Debt Financing Amount up to 5% of the Real Estate Policy Target Amount and the CIO may commit to a Debt Financing Amount up to 10% of the Real Estate Policy Target Amount.**

- c. To commit to a Debt Financing Amount within the Non-Core Opportunistic and International Portfolios as follows:**

**For a New Relationship, the SIO-RE may commit to a Debt Financing Amount up to 1.25% of the Real Estate Policy Target Amount.**

**For an Existing Relationship, the SIO-RE may commit to a Debt Financing Amount up to 2.5% of the Real Estate Policy Target Amount and the CIO may commit to a Debt Financing Amount up to 5% of the Real Estate Policy Target Amount.**

- d. To negotiate Debt Financing Amount contract terms, fees and compensation.**

**The following conditions apply to the above delegations without exception.**

**All Debt Financing Amounts are subject to a Review by the Board's Real Estate Consultant.**

**For the SIO-RE to proceed under delegation with a Debt Financing Amount, an independent fiduciary due diligence engagement, resulting in a favorable concurring recommendation opinion, is required.**

**For Debt Financing Amounts greater than 2.5% of the Real Estate Policy Target Amount, the independent fiduciary due diligence engagement is to be performed by the Board's Real Estate Consultant, or with the**

**Board's Real Estate Consultant's approval, may be performed by a Pool Real Estate Consultant.**

**For Debt Financing Amounts equal to or less than 2.5% of the Real Estate Policy Target Amount, the independent fiduciary due diligence engagement is to be performed by a Pool Real Estate Consultant.**

**Debt Financing Amounts or leverage levels committed to in conjunction with a commitment of an Investment Amount to a Relationship, as referenced in the sections below, are not subject to the limits in sections C. 3. a., b., and c. above but are subject to the leverage policy noted in section C. 3. above.**

*II. Authority to Make Investment Decisions*

*A. Authority to Directly Invest In and Dispose of Public Securities*

1. **To select, manage and dispose of Investment and Disposition Amounts in public securities for the Real Estate Portfolio within approved ranges as set forth in policy approved by the Investment Committee.**

Equity Real Estate Policy, Section VI, A

2. **To commit to an Investment or a Disposition Amount in public securities within the Core Portfolio as follows:**

**For a New Relationship, the SIO – RE may commit to an Investment or a Disposition Amount up to 5% of the Real Estate Policy Target Amount.**

**For an Existing Relationship, the SIO – RE may commit to an Investment or a Disposition Amount up to 10% of the Real Estate Policy Target Amount and the CIO may commit to an Investment or a Disposition Amount up to 15% of the Real Estate Policy Target Amount.**

3. **To commit to an Investment or a Disposition Amount in public securities within the Non-Core Portfolio, excluding the Opportunistic and International Portfolios, as follows:**

**For a New Relationship, the SIO – RE may commit to an Investment or a Disposition Amount up to 2.5% of the Real Estate Policy Target Amount.**

**For an Existing Relationship, the SIO – RE may commit to an Investment or a Disposition Amount up to 5% of the Real Estate Policy Target Amount and the CIO may commit to an Investment or a Disposition Amount up to 10% of the Real Estate Policy Target Amount.**

- 4. To commit to an Investment or a Disposition Amount in public securities within the Non-Core Opportunistic and International Portfolios, as follows:**

**For a New Relationship, the SIO – RE may commit to an Investment or a Disposition Amount up to 1.25% of the Real Estate Policy Target Amount.**

**For an Existing Relationship, the SIO – RE may commit to an Investment or a Disposition Amount up to 2.5% of the Real Estate Policy Target Amount and the CIO may commit to an Investment or a Disposition Amount up to 5% of the Real Estate Policy Target Amount.**

- 5. To negotiate Investment and Disposition Amount contract terms, including fees and compensation.**

**The following conditions apply to the above delegations without exception.**

**Investment and Disposition Amount commitments are subject to the Maximum Relationship Exposure limits.**

**Investment and Disposition Amounts are subject to a Review by the Board's Real Estate Consultant.**

**For the SIO-RE to proceed under delegation with an Investment or Disposition Amount, an independent fiduciary due diligence engagement, resulting in a favorable concurring recommendation opinion, is required.**

**For Investment and Disposition Amounts greater than 2.5% of the Real Estate Policy Target Amount, the independent fiduciary due diligence engagement is to be performed by the Board's Real Estate Consultant, or with the Board's Real Estate Consultant's approval, may be performed by a Pool Real Estate Consultant.**

**For Investment and Disposition Amounts equal to or less than 2.5% of the Real Estate Policy Target Amount, the independent fiduciary due diligence engagement is to be performed by a Pool Real Estate Consultant.**

**B. *Authority to Select, Commit Funds to, and Dispose of/Exit Investments in Private Investment Vehicles***

**The delegations are the same as II. A. 1. through 5. above without exception, including the stated conditions, substituting private investment vehicles for public securities.**

**C. *Authority to Directly Invest In and Dispose Of Private Securities***

**The delegations are the same as II. A. 1. through 5. above without exception, including the stated conditions, substituting private securities for public securities.**

**D. *Authority to Fund Investment Managers Retained through a Contractual Arrangement (pursuant to public contracting process)***

- 1. To select, manage and dispose of Investment and Disposition Amounts for the Real Estate Portfolio within approved ranges as set forth in policy approved by the Investment Committee.**

Equity Real Estate Policy, Section VI, A

- 2. To commit to an Investment or a Disposition Amount within the Core Portfolio as follows:**

**For a New Relationship, the SIO – RE may commit to an Investment or a Disposition Amount up to 5% of the Real Estate Policy Target Amount.**

**For an Existing Relationship, the SIO – RE may commit to an Investment or a Disposition Amount up to 10% of the Real Estate Policy Target Amount and the CIO may commit to an Investment or a Disposition Amount up to 15% of the Real Estate Policy Target Amount.**

- 3. To commit to an Investment or a Disposition Amount within the Non-Core Portfolio, excluding the Opportunistic and International Portfolios, as follows:**

**For a New Relationship, the SIO – RE may commit to an Investment or a Disposition Amount up to 2.5% of the Real Estate Policy Target Amount.**



**For an Existing Relationship, the SIO – RE may commit to an Investment or a Disposition Amount up to 5% of the Real Estate Policy Target Amount and the CIO may commit to an Investment or a Disposition Amount up to 10% of the Real Estate Policy Target Amount.**

- 4. To commit to an Investment or a Disposition Amount within the Non-Core Opportunistic and International Portfolios, as follows:**

**For a New Relationship, the SIO – RE may commit to an Investment or a Disposition Amount up to 1.25% of the Real Estate Policy Target Amount.**

**For an Existing Relationship, the SIO – RE may commit to an Investment or a Disposition Amount up to 2.5% of the Real Estate Policy Target Amount and the CIO may commit to an Investment or a Disposition Amount up to 5% of the Real Estate Policy Target Amount.**

- 5. To negotiate Investment and Disposition Amount contract terms, including fees and compensation.**

**The following conditions apply to the above delegations without exception.**

**Investment and Disposition Amount commitments are subject to the Maximum Relationship Exposure limits.**

**Investment and Disposition Amounts are subject to a Review by the Board's Real Estate Consultant.**

**For the SIO-RE to proceed under delegation with an Investment or Disposition Amount, an independent fiduciary due diligence engagement, resulting in a favorable concurring recommendation opinion, is required.**

**For Investment and Disposition Amounts greater than 2.5% of the Real Estate Policy Target Amount, the independent fiduciary due diligence engagement is to be performed by the Board's Real Estate Consultant, or with the Board's Real Estate Consultant's approval, may be performed by a Pool Real Estate Consultant.**

**For Investment and Disposition Amounts equal to or less than 2.5% of the Real Estate Policy Target Amount, the independent fiduciary due diligence engagement is to be performed by a Pool Real Estate Consultant.**

- E. Authority Relating to Shareowner Resolutions and Proxy Execution (No Delegation)*

*III. Authority to Make Contracting Decisions*

- A. Authority to Select and Terminate Investment Managers (obtained through public contracting process)*
  - 1. To make all selection, management and termination decisions regarding Investment Managers subject to Review by the Board's Real Estate Consultant.**
  - 2. To negotiate contract terms including fees and compensation.**
- B. Authority to Select and Terminate Investment Consultants Other than the Board's Investment Consultants (No Delegation)*

### Definitions

**Relationship** – A contractual agreement with an organization providing investment management of real estate investments on behalf of the CalPERS Real Estate Unit.

**New Relationship** – A contractual Relationship with the CalPERS Real Estate Unit for less than a one-year period.

**Existing Relationship** - A contractual Relationship with the CalPERS Real Estate Unit for a one-year period or longer.

**Debt Financing Amount** – Refers to any debt financing amounts committed to a Relationship. May include, but is not limited to, public, private, secured or unsecured, fixed or variable rate credit lines, subscription lines, credit guarantees, credit accommodations, credit enhancements, property debt, portfolio debt, joint venture or entity debt for commingled funds, separate accounts or targeted transactions.

**Investment Amount** - Refers to any equity amounts committed for investment to a Relationship. May include, but is not limited to, annual allocations, multi-year allocations or commitments to commingled funds, separate accounts or targeted transactions.

**Disposition Amount** – Refers to any equity amounts committed for disposition to a Relationship. May include, but is not limited to, annual dispositions, multi-year dispositions or commitments to commingled funds, separate accounts or targeted transactions.

**Board's Real Estate Consultant** – The consultant approved by CalPERS' Board and designated as the Board's Real Estate Consultant.

**Pool Real Estate Consultant** – A consultant approved by CalPERS' Board and designated as a Pool Real Estate Consultant.

**Review** – The participation by the Board's Real Estate Consultant in the Real Estate Unit's investment review committee meeting evaluation process including documentation of the Board's Real Estate Consultant's comments.

**Real Estate Policy Target Amount** – Equals CalPERS' Total Fund Market Value multiplied by the current Real Estate Policy Target Percentage.

**Relationship Exposure** – The ratio of a Relationship's Core, Non-Core, or Core and Non-Core applicable investment management contractual Relationship's Net Assets at Fair Market Value plus unfunded commitments relative to the Total Real Estate Portfolio's Net Assets at Fair Market Value plus the Total Real Estate Portfolio's unfunded commitments.

Maximum Relationship Exposure – For contractual Relationships in the Core portfolio, not to exceed 20%, for contractual Relationships in the Non-Core portfolio, not to exceed 10% and for contractual Relationships in both the Core and Non-Core portfolios, not to exceed 20%.